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MORTGAGE BANKING

JUNE 1985

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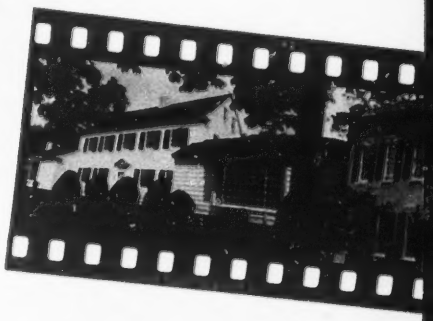

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MORTGAGE BANKING

STANDING OUT/PAGE 46

HOW/PAGE 41

CLEARINGHOUSE/PAGE 79

ARTICLES

PAGE 9
"RISKY BUSINESS"
By David J. Gallitano
If the mortgage insurance industry is to continue to serve the needs of homebuyers and lenders, price structures more in tune with current risks have to be accepted. If the mortgage banking industry chooses to "bury its head in the sand" today, the consequences could be disastrous.

PAGE 19
SECONDARY MARKETING STRATEGIES PART 2
By Jess Lederman
Lenders' tactics may vary but their goal usually remains the same: To minimize risk and maximize profits from secondary marketing strategies. Four mini case-studies illustrate the strategies.

PAGE 26
SINGING THE WORK-OUT BLUES
By Dudley Omura
Financial institutions can no longer assume that development expertise will be provided by outside sources. More projects are ending up solely in the hands of the lending institution, which is forced to learn the development profession by trial and error.

PAGE 32
DAVY CROCKETT DOESN'T LIVE HERE ANYMORE
By Jerry Rouleau
Log cabins are now referred to as log "homes," and lenders are starting to view them as viable forms of housing. Modern log home technology now replaces the stereotypical drafty, crude and musty structures of the past.

PAGE 41
HOW TO INSURE QUALITY
By Robert J. Reid
During these rapidly changing financial times, lenders are always interested in ways to better protect their investments. Home Owners Warranty tries to provide an added edge of protection.

PAGE 46
STAND OUT FROM THE CROWD
By Joseph W. Dans
The successful mortgage banker is the one who is oriented to inform and not just promote. What are the extra steps that can help a firm come out ahead of the rest of the pack?

PAGE 55
WHAT'S WRONG WITH THIS PICTURE?
By Charles G. Wilson and Richard E. Mason
Upon closer review, the Keystone resort project turned out to be a maze of marketing mix-ups. By using a marketing approach, communication consultants were able to solve the problem and create new opportunities.

PAGE 63
HUD: GOING BY THE NUMBERS
By Rick Calvert
A close-up on multifamily claim experience that lenders, insurers and investors will find valuable.

PAGE 79
THE LAST WORD (MORTGAGE EXCHANGE CORPORATION)
By Curtis Beerman
This clearinghouse creates a secondary market for income property loans, mortgage portfolio marketability and increased liquidity.

DEPARTMENTS

PEOPLE	85
BOOKS	94
LETTERS	97
AD INDEX	102
MORTGAGE MARKET TRENDS	105
SECONDARY MORTGAGE MARKETS	106

"Risky Business"

The recent changes in private mortgage insurance premium rates and underwriting guidelines have prompted strong reactions from every segment of the mortgage lending industry

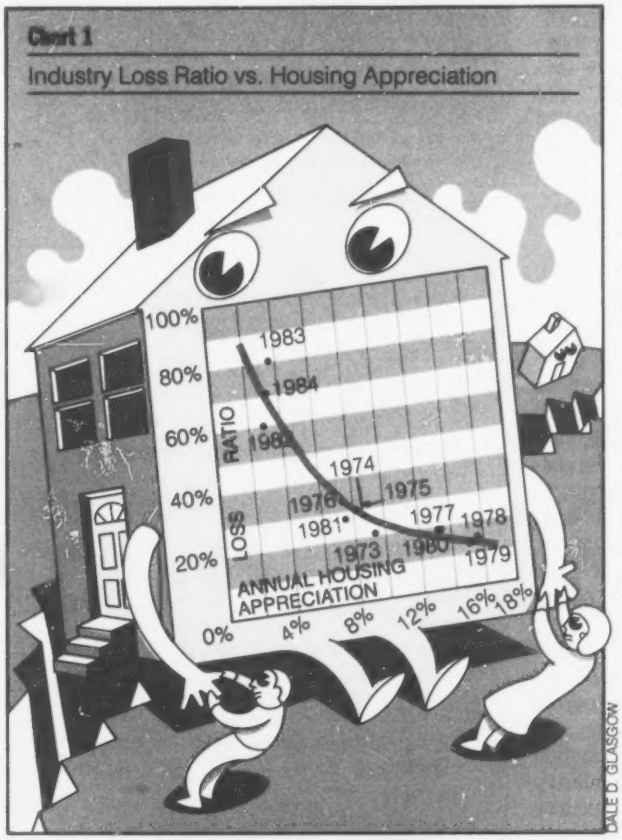
THE RECENT CHANGES in private mortgage insurance premium rates and underwriting guidelines have prompted strong reactions from every segment of the mortgage lending industry. Some have acknowledged the necessity of these changes, while others have labeled them unfair and excessive—almost no one has been without an opinion on the subject.

Nevertheless, the fact remains that the mortgage lending industry has undergone dramatic changes since the advent of modern private mortgage insurance. What are the changes that have taken place? How have private mortgage insurers reacted?

When the mortgage insurance industry was reborn in 1957, the menu of available mortgage instruments was not extensive: it began and ended with the standard fixed-rate, fixed-payment mortgage, which usually had a 25- or 30-year term. The economy was strong, and the economic outlook was positive; interest rates and inflation were low. It was in this climate that mortgage insurance premium rates were established that were to remain virtually unchanged for a full 27 years.

Chart 1

Industry Loss Ratio vs. Housing Appreciation



By David J. Gallitano

Despite the lack of change in mortgage insurance premiums, this interval saw radical changes in almost every other aspect of mortgage lending. "Volatility" replaced "stability" as the adjective of choice in describing both mortgage lending and the economy. Mortgage lenders responded with financing innovations that expanded the mortgage menu to include a veritable alphabet soup of mortgage instruments—VRMs (variable rate mortgages), RRMs (renegotiable rate mortgages), PAMs (pledged account mortgages), GPMs (graduated payment mortgages), ARMs (adjustable rate mortgages), GEMs (growing equity mortgages) and others—in addition to fixed-rate, fixed-payment mortgages. Private mortgage insurers responded to these radical changes by expanding both the types and depth of coverage offered to lenders, but they did not alter the basic premium rate structure. Premium rate schedules for the additional coverages were based on the original rate established for fixed-rate, fixed-payment 30-year mortgages.

Changes in the industry

Among the changes that have taken place in recent years, the reduced rate of housing appreciation and slowed equity growth have had a particularly pronounced effect on the level of risk involved in insuring residential mortgages. Chart 1 illustrates the radical slowing of housing appreciation since the late 1970s and its effect on the private mortgage insurance industry's loss ratios. In 1978, the rate of housing appreciation approached 16 percent per year. At this extremely high level, a borrower having trouble meeting his or her monthly mortgage obligation could sell the house at a price substantial enough to pay off the debt, and perhaps make a small amount of profit. Selling the property thus offered a viable alternative to default. As would be expected under such circumstances, mortgage insurance losses were low. As the rate of housing appreciation decreased in the 1980s, the loss ratio for the mortgage insurance industry climbed steadily and at present hovers around 70 percent.

The reduced rate of equity growth has also had a negative effect on the level of risk borne by the mortgage insurer. In 1977, a borrower with 5 percent equity in a new home could expect the equity to increase eight times within four years. By 1981, the same borrower could expect the equity to increase just slightly over three times in a four-year period. The examples in Chart 2 illustrate this situation. Slow equity growth, by keeping the borrower's investment in the property at a nominal level, reduces the incentive to continue to support the mortgage debt. This is especially true when the monthly mortgage payment is prone to increases, as with, for example, ARMs and GPMs.

New character

The comprehensive changes that have occurred over the past 20 years have altered the character of mortgage

lending. These factors, in conjunction with society's more casual attitude toward borrower default, are the impetus for the present fine-tuning of underwriting guidelines and increases in premium rates. Chart 3 summarizes some of the more important changes that have taken place since the 1960s.

The implication of such fundamental change is clear: if the mortgage insurance industry is to continue to serve the needs of homebuyers and lenders, price structures more in line with current risks must be accepted. If the industry chooses to bury its head in the sand today, the consequences could be disastrous. Unlike many branches of the insurance industry, mortgage guaranty insurance has no consortium or industry reserve fund backing up the financial guarantee provided by the individual insurer. This means that the ability of a mortgage insurance company to pay claims is based solely on the financial strength of that particular company, and in the case where a parent company backs the insurer's policies, on the strength of the parent company as well. If an insurer is unable to meet its claims' paying obligations, lenders insured by that company are without recourse. The recently established premium rate structure will, of course, strengthen the claims' paying ability of the industry as a whole, but to maximize security the lender must do some homework. Lenders should closely examine each insurer and make sure that any company with which they do business has the financial strength and solidity to fully meet its claims' obligations.

CHART 2

95% LTV Fixed-rate—Fixed-payment Loan Originated 1977			95% LTV Fixed-rate—Fixed-payment Loan Originated 1981		
Yr	PMT Income Ratio[1]	% Equity[2]	Yr	PMT/Income Ratio	% Equity[2]
1	25%	5%	1	33%	5%
2	22%	19%	2	32%	8%
3	20%	31%	3	30%	11%
4	18%	40%	4	28%	16%

[1]Based on average change in per capita income
[2]Based on house sales price appreciation

CHART 3

	1960s	1980s	% Change
Average Mortgage Contract Rate	5.8%	12.5%	+115%
Underwriting Ratios:			
Housing Pmt./Income-FRFP[1]	22%	33%	
Housing Pmt./Income-NFP[2]	—	28%	
Total Debt/Income-FRFP	26%	38%	
Total Debt/Income-NFP	—	36%	
Conventional Mtg. Delinquency Rates:			
Total Past Due	1.47%	3.69%	+151%
In Foreclosure	.07%	.13%	+86%
Mortgage Instrument Mix:			
Fixed Rate, Fixed Payment	100%	45%	
Fixed Rate, Non-Fixed Pmt.	—	9%	
ARMs	—	45%	
Other	—	1%	
Primary Default Driver:			
Unemployment Rate	4.3%	7.6%	+77%
Housing Appreciation Rates:			
1960s	3.5%		
1970s	9.7%		+177%
1980s	5.5%		−43%

[1]FRFP = Fixed-rate, fixed-payment mortgage
[2]NFP = Non-fixed payment mortgage

Changes in rates

As the variety of instruments and the volatility of the economy increased in recent years, it became apparent that the risk associated with insuring *all* types of mortgage loans had undergone a dramatic change. Traditionally, the claims incidence ratio (claims paid to loans insured) was 1 percent for fixed-rate, fixed-payment mortgages. In today's volatile economic environment, this benchmark has proven invalid even for fixed products. Portfolio studies conducted by GEMICO during the latter half of 1984 indicated that the claims incidence on fixed-payment products was 2 percent—double the traditional level. Claims incidence on non-fixed-payment products range from 3 to 4 percent, or about twice those of fixed-payment loans. Thus, the premium rate increase was a necessary and logical response to changing lending and economic environments.

It may be argued that because non-fixed payment mortgages are a recent phenomenon, loss ratios for such loans are based on a limited population and are therefore likely to change significantly over time. It is no doubt a valid argument, but more important than the fact that the loss ratios will change is how they will change.

Because interest rate adjustments on non-fixed rate loans are tied to market-related indices, the movement

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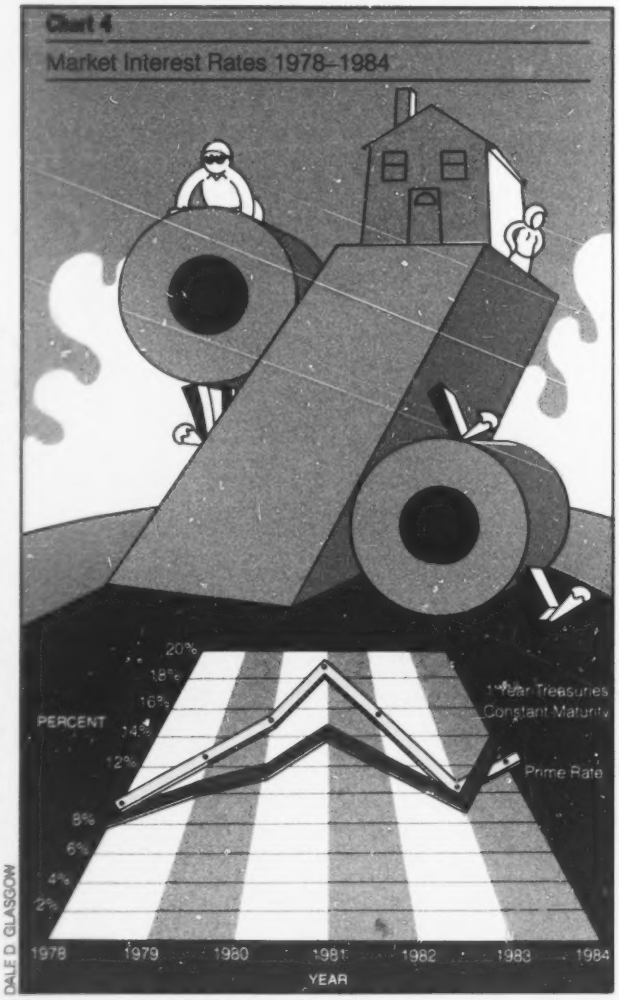


of market interest rates will determine payment changes. As shown in Chart 4, market interest rates—as represented by the Prime Rate and the most commonly used ARM index—have exhibited a marked downward trend since 1981. Even with the slight increase noted in 1984, rates are still well below 1981 levels. Given these facts, ARM interest rate adjustments since 1981 should have been downward, and despite the 1984 upturn, interest rates on these loans should be below what they were when they were originated. Monthly payments, therefore, should have decreased. Payment reductions would not be causal to increases in defaults and claims, and may even tend to reduce them. As interest rates increase in 1985 (as most analysts have forecast) and in the coming years, so will adjustable rate mortgage payments—and logically. These increases will raise the incidence of defaults and claims due to payment unaffordability. There is high probability that future loss ratios will prove significantly *greater* than current levels.

The fact that payment increases on fixed-rate, non-fixed payment mortgages are completely independent of changes in market interest rates does not lessen the possibility of default for these mortgages. Even if market interest rates were to experience a sharp decrease, payments on fixed-rate mortgages with buydowns and graduated payment features would continue to increase as scheduled.

There are other factors that contribute to the increased risk associated with non-fixed payment mortgages. For instance, the potential exists for increased consumption of non-housing related goods and services by a borrower whose mortgage payments are artificially low due to "teaser" rates, initial rate discounts or other factors. Such a borrower, instead of planning on the inevitable payment increases, may ignore them and is more likely to increase consumption of other goods. Thus, there is a greater risk of the borrower experiencing difficulty in meeting future mortgage payments.

Default incidence can also be expected to increase in the event of 1) income growth that does not keep pace with payment increases, 2) general inflation with accompanying across-the-board price increases and 3) property appreciation that is insufficient to offset the accumulation of negative amortization or to counterbalance inflated original appraisals. All these situations are possible and even quite probable, given the volatile nature of the recent economic environment.

The risk associated with insuring mortgage loans is greater today than at any time since 1957. It is not reasonable to expect that premium rates established in 1957 will provide compensation adequate to justify accepting today's higher levels of risk. The recent premium rate adjustments, while not initially popular, will enable insurers to continue to limit lender exposure in high risk environments, and by extension, will ensure that affordable mortgage financing remains available.

Changes in underwriting

The mortgage insurance industry's former underwriting guidelines, like its antiquated premium rate structure, acknowledged neither the fundamental changes that had occurred in the mortgage lending industry nor the accompanying increase in the level of risk associated with most mortgage instruments. These underwriting guidelines, by not addressing the full range of innovative features that distinguish modern mortgage instruments, eventually became inadequate as risk management tools.

To effectively *manage* risk, private mortgage insurers had to develop underwriting guidelines that accurately reflect the level of risk assumed when insuring instruments that feature payment and/or interest rate adjustments. Prior to the late 1970s, loan product guidelines were unnecessary due to mortgage instrument homogeneity.

In view of recent publicity, it must be emphasized that the revised guidelines are not in any way an attempt to "standardize" alternative mortgage instruments. Rather they are an attempt to keep the features of such loans within insurable limits. As most lenders would agree, there are loans that are intrinsically uninsurable. For instance, how many lenders would be willing to self-insure and hold in portfolio an ARM with a "teaser" rate that is 350 basis points below the market rate, if the borrower will be unable to make his payments once they are adjusted to the fully indexed accrual rate? Very few indeed. The example given in Chart 5 demonstrates the dramatic payment increases possible in such a situation. It is important to note that while the in-

terest rate cap does apply to the initial adjustment in Chart 5, this is not necessarily typical of all capped loans. In some instances, caps *do not* apply to the initial interest rate adjustment.

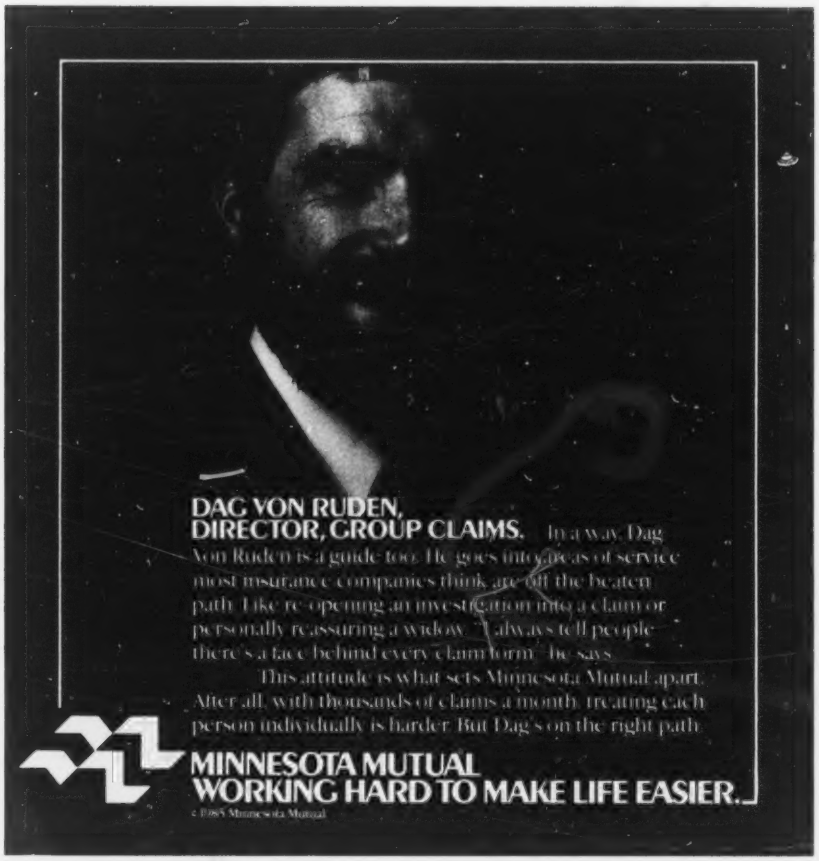
Despite the presence of an interest rate cap, this borrower's housing payment has increased by more than 16 percent from Year 1 to Year 2. If the cap did not apply to the initial adjustment, the borrower would face a second year payment of $813.79—an increase of nearly 29 percent. Because the initial interest rate is so heavily discounted, the potential for disaster would only be mitigated by a substantial reduction in the index to which the accrual rate is tied. Indeed, in order for a payment increase not to occur, the index rate would have to fall 3.5 percentage points. Such a drastic drop in interest rates is not very likely.

Guidelines: borrower qualification

In addition to establishing loan product underwriting guidelines, adjustments were made to the traditional guidelines utilized to underwrite the borrower's capacity to manage his mortgage debt and the borrower's creditworthiness. GEMICO, for instance, reduced the maximum mortgage payment and debt ratios from 33/38 percent to 28/36 percent on all mortgages that do not have fixed payments. This change was made to ensure that there is some margin or cushion for the non-fixed payment mortgagor to manage either scheduled, probable or potential payment increases that could or would occur very early during the loan term.

CHART 5

Teaser Rate: 10.875
Accrual Rate: 14.375
Index: 12.000
Margin: 2.375
Initial Rate Discount: 350 bp
Loan Amount: $67,000
Rate Cap: 2 percent
(applies to 1st adjustment)
1st Yr Housing Payment: $631.74
2nd Yr Housing Payment: $733.42
Change: 16 percent



Likewise, larger downpayments are now required of borrowers financing their homes with loans that have immediate negative amortization. This change was premised upon the fact that the larger the borrower's equity position in the property, the greater the stimulus to continue to meet the mortgage obligation.

Limitations on the use of gift letters as downpayments, co-borrower and cosigner support, as well as increases between prior housing costs and new mortgage payment levels have all been scrutinized and adjusted to conform to the new market environment.

Unwillingness on the part of lenders and insurers to act in a reasonable and responsible manner may, in fact, encourage a situation that no one would welcome: legislated standardization of alternative mortgage instruments.

Market need

But, the question arises: do alternative mortgage instruments constitute a significant enough portion of origination volume to justify the changes made by mortgage insurers? There is strong evidence that they do. As illustrated in Chart 6, more than half of GEMICO's new insurance written in 1984 was on non-fixed payment mortgage instruments, the majority of which were ARMs.

Further evidence of this trend is found in GEMICO's Adjustable Type Mortgage Survey 5, conducted during 1984. Survey results show that the composition of mortgage origination volume in the past year alone has un-

dergone a distinct shift toward non-fixed products.

The survey indicates that of the 97 percent of mortgage servicers that offer standard fixed-rate, fixed-payment mortgages (FRFP), 53 percent said FRFPs accounted for less than 25 percent of their conventional loan volume. Similarly, while 66 percent of the S & Ls offered FRFPs, 45 percent said that such mortgages accounted for less than 25 percent of their conventional volume.

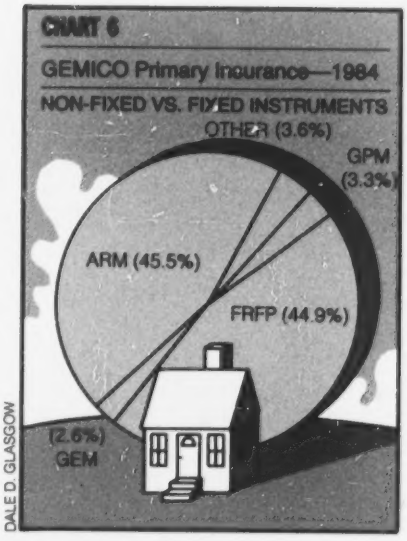
Rate fluctuations, however, may periodically cause the FRFP to regain some popularity. For instance, as interest rates have declined since the latter part of the last year, the interest rate differential between ARMs and FRFPs has narrowed, and FRFP originations have experienced a resurgence. Nevertheless, the trend toward ARM lending is likely to continue.

Thus, the evidence clearly indicates that while the volume of non-fixed payment mortgage originations is already quite large, it has the potential to increase in the near future. The fact that non-fixed rate mortgages comprise such a large proportion of total mortgage originations supports the wisdom and necessity of the recent changes undertaken by mortgage insurers.

In addition to a growing dominance of alternative mortgage instruments, a shift has been seen in private mortgage insurers' portfolios that further supports these changes. In 1978 only 30 percent of the total number of loans insured fell into the 91–95 percent loan-to-value (LTV) category. In 1984 that percentage reached 53 percent. This concentration of loans in the known highest risk LTV category stimulates the need for change in risk management tools and procedures.

Role of private mortgage insurers

Since their rebirth in the 1950s, private mortgage insurance companies have played a supportive role in the mortgage lending industry. This role has become particularly important since the advent of high loan-to-value financing, increased securitization of



mortgages for sale to non-traditional investors in the capital markets and alternative mortgage instruments.

Because of the increased level of risk involved, few lenders would be both willing and able to self-insure large numbers of mortgages with loan-to-value ratios of 90 percent or more. In today's environment, however, a very significant proportion of homebuyers require these loans in order to purchase a home. If lenders were forced to retain all of the risk associated with high LTV loans, a good deal of their current business would be too risky to undertake. This could result in a general slump in the housing industry and extremely disgruntled consumers.

In addition to facilitating high loan-to-value financing, private mortgage insurance has also played an important role in expanding the secondary market for mortgages. With the assurance of protection in the event of borrower default, investors have become more willing to purchase mortgages and mortgage-backed securities.

Despite recent claims to the contrary, the approach of mortgage insurers to the new financing instruments has been a very positive one. Instead of "orchestrating anti-ARM campaigns," they have encouraged the growth of a full range of alternative instruments.

While encouraging the development of creative financing, private mortgage insurers have also lobbied for a conscientious approach to such development. This approach entails a willingness to evaluate new instruments on the basis of long-range consequences instead of solely on short-term performance. It involves being dedicated, as participants in the mortgage lending industry, to self-regulation as opposed to government regulation. GEMICO believes that this approach is ultimately in the best interest of all industry participants.

Insurers, like lenders, must react to the changes in the mortgage lending industry in appropriate and responsible ways. The market will support neither unreasonable prices nor uncompensated risk, so this does not purport to be the last word on pricing or risk. GEMICO, however, is confident that changes made to date are warranted by the studies conducted thus far. GEMICO will continue to analyze the risk and compensation levels to ensure that they are compatible with the continued health of the mortgage lending industry.

It is not in anyone's interest—lender or insurer—to stifle the mortgage lending market. Private mortgage insurers are well aware of the critical role they play. The changes the industry has made to date were not designed to make the ARM and the 5 percent down-payment loan become dinosaurs.

These loans have basically proven track records. But they must be improved through insurance pricing and guideline adjustments in order to *preserve* their availability and viability. There are going to be borrowers who will be prevented from purchasing their houses *now* due to the private mortgage insurance industry's changes. But they probably will only be temporarily stayed from their purchase until such a time when they will be in a position to *buy and stay* in their homes. Enabling first-time and other homebuyers to purchase their homes is only half of the goal we should embrace. In order to meet the other half—to keep them there—will depend on the total cooperation of all of the players in the housing market. □

HUD: GOING BY THE NUMBERS

The mortgages insured under these two programs have been partitioned, enabling us to make comparisons over the same time period of market rate and below market rate mortgages.

By Rick Calvert

TO HELP FINANCE CONSTRUCTION or substantial rehabilitation of multifamily (five or more units) rental or cooperative housing for low- and moderate-income or displaced families, HUD insures mortgages under two related programs—Sections 221(d)(3) and 221(d)(4) of the National Housing Act. Projects in both programs consist of detached, semi-detached, row, walk-up, or elevator structures. The maximum insured mortgage amounts are controlled by statutory dollar limits per unit that are intended to assure moderate construction costs.

Currently, the principal difference between the programs is that HUD may insure up to 100 percent of HUD-estimated project costs under Section 221(d)(3) for nonprofit and cooperative mortgagors but only up to 90 percent for a mortgagor under Section 221(d)(4). Most profit-motivated mortgagors are insured under (d)(4). Other mortgagor types are insured under (d)(3).

The data used in this article were obtained from Housing's Multifamily Insured and Direct Loan Information System (MIDLIS). The experience from the inception of the programs (the first (d)(3) case was insured in 1958 and the first (d)(4) case in 1962) through April 30, 1984 were examined.

Types of subsidy

Under *Section 8 Lower-Income Rental Assistance,* HUD pays the difference between the amount a lower-income household can afford and the HUD-approved rent for the particular housing unit. Eligible tenants must pay the highest of (1) 30 percent of adjusted income, (2) 10 percent of gross income, or (3) the portion of welfare assistance designated to meet housing costs. Rents for these units (including utilities) must fall within the range of fair market rents as determined by HUD. Legislation establishing this program was enacted in 1974. Section 8 assistance can be provided at or after endorsement. Cases endorsed prior to 1974 may have had Section 8 assistance added after 1974.

HUD may make *rent supplement* payments on behalf of eligible tenants to certain owners of FHA-insured multifamily housing. The payment makes up the difference between 30 percent of the tenant's adjusted income and the fair market rent determined by HUD.

LARRY DALE GORDON / THE IMAGE BANK

TABLE 1

Section 221(d)(3) Below Market Rate Mortgages

Endorsement Year	Number Endorsed	Terminations: Claim	Terminations: Non-claim	Still in Force	Termination Rates: Claim	Termination Rates: Non-claim
1961	1	0	0	1	.0%	.0%
1962	28	8	2	18	28.6	7.1
1963	57	20	1	36	35.1	1.8
1964	95	29	3	63	30.5	3.2
1965	92	33	5	54	35.9	5.4
1966	119	36	4	79	30.3	3.4
1967	178	60	5	113	33.7	2.8
1968	380	115	43	222	30.3	11.3
1969	330	95	48	187	28.8	14.5
1970	178	58	5	115	32.6	2.8
1971	79	36	2	41	45.6	2.5
1972	24	6	0	18	25.0	.0
Total 1961–1972	1561	496	118	947	31.8	7.6

TABLE 2

Section 221(d)(3) Below Market Rate Mortgages Endorsed 1961–1972

	Number of Endorsements (1)	Number of Claims (2)	Claims Percentage (2)/(1)
Type of Subsidy			
Section 8	395	144	36.5%
Rent Supplement	46	22	47.8
Flexible Subsidy	114	18	15.8
Type of Mortgagor			
Nonprofit	399	197	49.4
Limited Dividend	762	215	28.2
Profit-Motivated	16	12	75.0
Management Coop	367	69	18.8

legislation establishing this program was enacted in 1965. New rent supplement contracts have not been available since the early 1970s. Current activity consists of amending contracts for existing rent supplement projects.

Flexible subsidy assists in restoring or maintaining the financial and physical soundness of privately owned, federally assisted multifamily housing projects; improving their management; and maintaining them for low- and moderate-income tenants. Legislation establishing this program was enacted in 1978 with the intent of further subsidizing troubled projects already assisted by existing rent supplement contracts.

The three types of subsidies are not mutually exclusive. HUD may have provided a project, endorsed before the early 1970s, rent supplement assistance on behalf of certain low income tenants. Section 8 assistance may have been added to that project after 1974 either as a substitute for rent supplement or as a subsidy for tenants who are not assisted by rent supplement. Flexible subsidy may have increased the existing rent supplement assistance after 1978. Any one project could have had a combination of these subsidies.

Rick Calvert is an actuary in the Department of Housing and Urban Development's Actuarial Branch in the Office of Financial Management. He joined HUD 15 years ago, and before joining the Actuarial Branch, worked in HUD's Office of Finance and Accounting.

Types of mortgagors or sponsors

A *nonprofit mortgagor* is a corporation or association organized for purposes other than the making of profit.

A *limited dividend or limited distribution mortgagor* is a corporation, trust, partnership, association or other entity or individual, limited by law as to the distribution of income.

A *profit-motivated mortgagor* is a mortgagor whose purpose is to make a profit.

A *cooperative mortgagor* is a nonprofit cooperative ownership housing corporation that restricts permanent occupancy of the project to the members of the corporation.

Section 221(d)(3)

Formerly, projects financed under this section could qualify for a below-market interest rate (as low as 3 percent).

The mortgages insured under the Section 221(d)(3) program are divided into three groups: below-market interest rate (BMIR) mortgages endorsed from 1961–1972; market rate mortgages endorsed from 1958–1972; and market rate mortgages endorsed from 1973–1984. Partitioning the mortgages this way enables us to compare the market rate to the below-market rate mortgages over essentially the same time period. For each of the groups the four different types of sponsors permitted were also considered.

TABLE 3

Section 221(d)(3) BMIR Mortgages Endorsed 1961–1972

Policy Year	Number of Projects		
	Exposures	Claim Terminations	Nonclaim Terminations
1	1561	4	29
2	1528	18	53
3	1457	41	9
4	1407	80	5
5	1322	78	2
6	1242	75	0
7	1167	60	1
8	1106	23	0
9	1083	26	2
10	1055	39	2
11	1014	20	3
12	991	10	7
13	971	15	2
14	923	3	0
15	828	5	1
16	659	1	0
17	441	0	1
18	281	0	0
19	201	0	0
20	137	0	0
21	71	0	1
22	26	0	0
23	5	0	0
Total	1561	496	118
Observed Termination Rates		31.8%	7.6%

TABLE 4

Section 221(d)(3) Market Rate Mortgages

Endorsement Year	Number Endorsed	Terminations		Still In Force	Termination Rates	
		Claim	Non-claim		Claim	Non-claim
1958	11	9	1	1	81.8%	9.1%
1959	6	5	1	0	83.3	16.7
1960	13	9	2	2	69.2	15.4
1961	7	3	4	0	42.9	57.1
1962	9	7	1	1	77.8	11.1
1963	3	3	0	0	100.0	.0
1964	1	0	0	1	.0	.0
1965	2	0	0	2	.0	.0
1966	9	1	0	8	11.1	.0
1967	39	11	1	27	28.2	2.6
1968	171	40	4	127	23.4	2.3
1969	191	44	2	145	23.0	1.0
1970	313	79	5	229	25.2	1.6
1971	262	69	8	185	26.3	3.1
1972	222	37	2	183	16.7	.9
1973	152	22	2	128	14.5	1.3
1974	61	11	0	50	18.0	.0
1975	33	2	0	31	6.1	.0
1976	63	1	0	62	1.6	.0
1977	97	0	0	97	.0	.0
1978	85	0	1	84	.0	1.2
1979	69	0	0	69	.0	.0
1980	56	0	0	56	.0	.0
1981	27	0	0	27	.0	.0
1982	76	0	0	76	0	.0
1983	12	0	0	12	.0	.0
1984	1	0	0	1	.0	.0
Totals						
1958–1972	1259	317	31	911	25.2	2.5
1958–1975	1505	352	33	1120	23.4	2.2
1958–1984	1991	353	34	1604	17.7	1.7
1973–1984	732	36	3	693	4.9	.4
1976–1984	486	1	1	484	.2	.2

Below-market rate mortgages

As seen in Table 1, the first Section 221(d)(3) below-market interest rate mortgage was endorsed in 1961. There have been only nine BMIR mortgages endorsed since 1973, so these were not considered. So far, BMIR mortgages endorsed between 1961 and 1972 have had an overall observed claim rate of 31.8 percent. In Table 2, these cases are grouped by type of subsidy and mortgagor. A case is included under each of the three types of subsidies if the subsidy was provided for that particular case at any time during the insurance of the mortgage. Therefore, one case can be included in more than one grouping. Each case is included only once under type of mortgagor. A few cases did not have a type of mortgagor identified in the data record and are, therefore, not included in this table. Section 8 assistance did not begin until 1974. By that time, many of these mortgages were either in financial trouble or had experienced a claim termination. Section 8 may have been added to these mortgages to try to keep them from becoming claims. For those cases that had Section 8 added, 36.5 percent nevertheless became claims.

Limited dividend sponsored mortgages were the most numerous of the BMIRs. Their claim rate of 28.2 percent is close to the overall observed claim rate of 31.8 percent. Nearly one-half of all the nonprofit sponsored mortgages have become claims, a much higher rate than the overall observed claim rate.

New rent supplement contracts have not been available since the early 1970s. Current activity consists of amending contracts for existing rent supplement projects.

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Table 3 shows termination experience for BMIR cases by policy year. (For an explanation of this table, see "How HUD Constructs a Survivorship Schedule," in *Mortgage Banking*, May 1981.)

Market rate mortgages endorsed 1958–1972

As shown in Table 4, the first Section 221(d)(3) market rate mortgage was endorsed in 1958. A much higher percentage of such mortgages endorsed between 1958 and 1972 had Section 8 and rent supplement assistance (see Table 5). Unlike the BMIRs, these cases that had Section 8 added had a relatively low claim rate (15 percent). Overall these cases had a lower claim rate than BMIRs (25.2 percent as opposed to 31.8 percent for BMIRs).

As is the case with BMIR mortgages, the highest proportion of market rate mortgages is sponsored by limited dividend mortgagors. Their claim rate of 15.8 percent is substantially lower than the overall claim rate of 25.2 percent. Nonprofit sponsored mortgages had a claim rate higher than the overall claim rate.

TABLE 5

Section 221(d)(3) Market Rate Mortgages Endorsed 1958–1972

	Number of Endorsements (1)	Number of Claims (2)	Claims Percentage (2)/(1)
Type of Subsidy			
Section 8	602	90	15.0%
Rent Supplement	536	131	24.4
Flexible Subsidy	119	27	22.7
Type of Mortgagor			
Nonprofit	528	183	34.7
Limited Dividend	671	106	15.8
Profit-Motivated	30	13	43.3
Management Coop	27	12	44.4

TABLE 6

Section 221(d)(3) Market Rate Mortgages Endorsed 1973–1984

	Number of Endorsements (1)	Number of Claims (2)	Claims Percentage (2)/(1)
Type of Subsidy			
Section 8	576	12	2.1%
Rent Supplement	93	10	10.8
Flexible Subsidy	19	3	15.8
Type of Mortgagor			
Nonprofit	207	7	3.4
Limited Dividend	394	20	5.1
Profit-Motivated	106	9	8.5
Management Coop	7	0	0.0

TABLE 7

Section 221(d)(3) Market Rate Mortgages

Policy Year	Mortgages Endorsed 1958–1972			Mortgages Endorsed 1973–1984		
	Number of Projects			Number of Projects		
	Exposures	Claim Terminations	Nonclaim Terminations	Exposures	Claim Terminations	Nonclaim Terminations
1	1259	2	7	732	4	1
2	1250	20	2	719	7	0
3	1228	56	2	635	11	0
4	1170	55	0	606	0	0
5	1155	40	1	556	0	1
6	1074	34	1	482	3	0
7	1039	15	2	392	4	0
8	1022	14	1	301	3	0
9	1007	15	3	225	1	0
10	989	14	3	194	2	1
11	972	19	5	147	1	0
12	948	12	2	52	0	0
13	793	6	0	0	0	0
14	599	3	1	0	0	0
15	380	2	0	0	0	0
16	228	3	0	0	0	0
17	92	0	0	0	0	0
18	25	0	0	0	0	0
19	20	0	0	0	0	0
20	13	0	0	0	0	0
21	12	3	0	0	0	0
22	9	3	0	0	0	0
23	5	1	1	0	0	0
24	3	0	0	0	0	0
25	1	0	0	0	0	0
26	1	0	0	0	0	0
Total	1259	317	31	732	36	3
Observed Termination Rates		25.2%	2.5%		4.9%	0.4%

TABLE 8

Section 221(d)(4)

Endorsement Period	Number Endorsed	Terminations		In Force	Termination Rates	
		Claim	Non-claim		Claim	Non-claim
Unsubsidized Mortgages						
1962–1968	136	35	41	60	25.7%	30.2%
1969–1973	1268	366	165	737	28.9%	13.0%
1974–1978	859	46	47	766	5.4%	5.5%
1979–1984	528	4	6	518	0.8%	1.1%
Total	2791	451	259	2081	16.2%	9.3%
Subsidized Mortgages						
1962–1968	1	0	0	1	0.0%	0.0%
1969–1973	73	42	2	29	57.5%	2.7%
1974–1978	917	17	4	896	1.9%	0.4%
1979–1984	2744	10	7	2727	0.4%	0.3%
Total	3735	69	13	3653	1.9%	0.4%
All Mortgages						
1962–1968	137	35	41	61	25.6%	29.9%
1969–1973	1341	408	167	766	30.4%	12.5%
1974–1978	1776	63	51	1662	3.6%	2.9%
1979–1984	3272	14	13	3245	0.4%	0.4%
Total	6526	520	272	5734	8.0%	4.2%

TABLE 9

Section 221(d)(4) Mortgages Endorsed 1962–1964

Policy Year	Unsubsidized Mortgages			Subsidized Mortgages		
		Number of Projects			Number of Projects	
	Exposures	Claim Terminations	Nonclaim Terminations	Exposures	Claim Terminations	Nonclaim Terminations
1	2791	4	9	3735	2	2
2	2677	49	21	3622	10	7
3	2520	123	15	2804	20	1
4	2303	122	13	2481	19	0
5	2045	63	18	1545	8	1
6	1871	37	16	1031	1	0
7	1677	21	20	576	4	0
8	1414	13	30	272	0	0
9	1118	6	25	61	0	1
10	991	5	23	43	1	0
11	895	2	21	36	1	0
12	758	3	18	26	3	0
13	513	2	11	19	0	1
14	229	0	7	6	0	0
15	114	1	4	3	0	0
16	79	0	4	2	0	0
17	49	0	2	0	0	0
18	35	0	1	0	0	0
19	27	0	1	0	0	0
Total	2791	451	259	3735	69	13

TABLE 10

Section 221(d)(4) Mortgages Endorsed 1962–1973

Policy Year	Unsubsidized Mortgages			Subsidized Mortgages		
		Number of Projects			Number of Projects	
	Exposures	Claim Terminations	Nonclaim Terminations	Exposures	Claim Terminations	Nonclaim Terminations
1	1404	1	6	74	0	0
2	1397	40	13	74	2	0
3	1344	117	7	72	10	0
4	1220	109	3	62	13	0
5	1108	55	13	49	7	0
6	1040	30	7	42	1	0
7	1003	18	15	41	4	0
8	970	12	27	37	0	0
9	931	6	25	37	0	1
10	900	5	21	36	1	0
11	875	2	21	35	1	0
12	758	3	18	26	3	0
13	513	2	11	19	0	1
14	229	0	7	6	0	0
15	114	1	4	3	0	0
16	79	0	4	2	0	0
17	49	0	2	0	0	0
18	35	0	1	0	0	0
19	27	0	1	0	0	0
Total	1404	401	206	74	42	2

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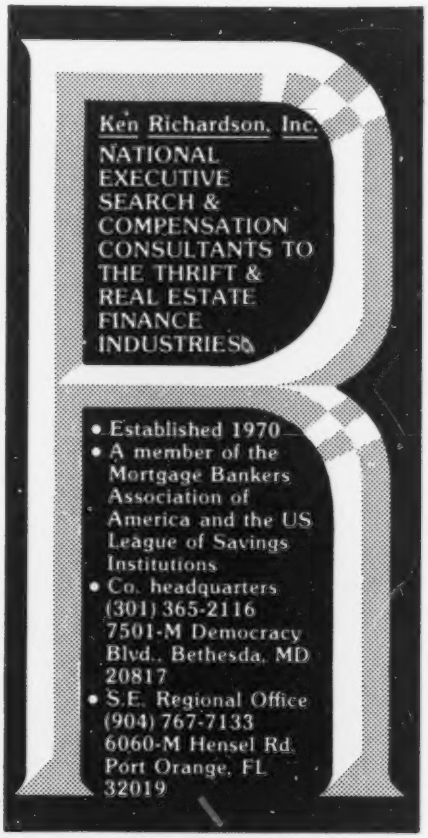
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Market rate mortgages endorsed 1973–1984

The overall claim rate for these mortgages is low (4.9 percent) and the claim rate for those cases provided in Section 8 was even lower (2.1 percent). Over three-quarters of these mortgages had Section 8 assistance, most of which was provided at the endorsement of the mortgage. Again, the limited dividend sponsored mortgages are the most numerous (see Table 6.) In this group, however, the observed claim rate for the nonprofit sponsored mortgages is a little lower than that for the limited dividend sponsored mortgages. Almost all of the nonprofit sponsored mortgages had Section 8 subsidy provided to every unit in their projects. Table 7 shows termination experience by policy year for market rate (d)(3) mortgages endorsed 1958–1972 and 1973–1984.

Section 221(d)(4)

Because (d)(4) mortgages can only be subsidized by Section 8, and all mortgagors are profit motivated, these data are partitioned into subsidized and unsubsidized mortgages. Table 8 shows claim rates for unsubsidized, subsidized and all (d)(4) mortgages by four endorsement periods. Activity was low during the initial phase of the program but increased substantially in 1969.

Mortgages insured 1962–1984

Table 9 shows termination experience by policy year for unsubsidized and subsidized 221(d)(4) mortgages endorsed from January 1962 through April 1984. So far unsubsidized mortgages have an observed claim rate of 16.2 percent and subsidized mortgages have an observed claim rate of 1.8 percent.

Mortgages insured 1962–1973

Similar to (d)(3) mortgages, (d)(4) mortgages endorsed during 1962–1973 had much higher claim rates than mortgages endorsed during 1974–1984. Table 10 shows termination experience by policy year for (d)(4) mortgages endorsed 1962–1973. Only 74 of the 1,478 mortgages insured in this period received Section 8 subsidy. Of these 74 projects, 42 projects, or 57 percent, have already experienced a claim termination. Of these 42 projects, 32 experienced a claim between 1974–1976. This is the period when Section 8 assistance was just beginning. Like the 221(d)(3) mortgages, most of the assistance was added after the property had already experienced financial difficulty. For cases endorsed after 1973, Section 8 assistance was probably provided at endorsement and the claim rate is extremely low (less than 1 percent).

The success of individual projects is no doubt influenced by Federal economic policies, Federal tax policies, HUD underwriting practices, local economic conditions, HUD assistance programs, and the motivation of the mortgagor sponsoring the project. Probably the most important observation made in this analysis is that Section 221 project mortgages endorsed before 1973 experienced much higher claim rates than those written after 1973.

Section 8 assistance that began in 1974 was successful in keeping claim rates low when provided at the endorsement of the mortgage. The effect of Section 8 on cases that are in financial difficulty when it is applied are inconclusive; for (d)(3) BMIR and (d)(4) the claim rates were high, and for (d)(3) market rate mortgages the claim rate was low.

The BMIR cases had a higher claim rate than market rate cases.

Limited Dividend mortgagors had lower claim rates than non-profit mortgagors unless the non-profit mortgagors had Section 8 assistance from the endorsement of the mortgages. Cooperative mortgagors fared better with BMIRs than with market rate mortgages endorsed before 1973.

At this point, because of the volatility of past claim experience, as well as the uncertainty of future interest rates and other economic factors, HUD is reluctant to make any predictions about the future. However, there is no apparent reason to expect a return to the extremely high claim rates experienced on mortgages endorsed prior to 1973. □

The dramatic, and largely unexpected slowdown in the rate of growth in Gross National Product (GNP) during the first quarter of this year has, once again, raised the specter of an impending halt to the present economic expansion. While a business cycle plateau may indeed be the offing, and a "growth recession" a possibility sometime late this year or next, the pattern of widespread production constraints symptomatic of an actual economic downturn is not yet evident.

The most recently released data show that real GNP, or GNP adjusted for changes in prices, grew at only a 1.3 percent seasonally adjusted annual rate in the first quarter of 1985. This is the slowest reported growth rate for real GNP since the 0.5 percent annual rate that occurred in the recession trough period of the fourth quarter 1982. Just as important, however, was the change in the inflation measure used to "deflate" the actual, or "current-dollar" production, into "constant-dollar" or real GNP estimate. This indicator of price changes, the GNP implicit price deflator, registered a 5.3 percent annual rate in the first quarter, almost double the fourth quarter 1984 rate, and the highest level registered since the recovery began in December 1983. As a result, the 6.7 percent rise in current-dollar GNP in the first quarter translated into a 1.3 percent real rate of growth, whereas the marginally higher 7.1 percent real growth in the fourth quarter converted to a 4.2 percent real growth rate. Thus, a slight moderation in overall economic activity during the first quarter relative to the previous period was magnified by a temporary upward movement in the GNP deflator, affected by the unusually harsh weather experienced during February and March across much of the nation. In all likelihood, the estimates of real GNP growth for the second quarter will reflect a substantial rebound from the depressed first quarter estimates, with a significant contribution coming from the housing sector of the economy.

The reported moderation in overall economic activity in the first quarter allowed interest rates to reverse the upward trend that started in late January 1985. By early March, yields on three-month Treasury securities had climbed by over 100 basis points from their January levels, with the yield curve flattening as long-term security yields moved up by only 70 basis points. By the end of April, however, most of the lost ground on short rates had been recovered and longer rates followed partially. This has placed both rate levels, and spreads, in a position very similar to the experience of late January. However, a significant difference is the expected posture of the Federal Reserve Board (Fed). The Fed's concern over the liquidity position of state-insured thrifts, as exemplified by the Ohio savings and loan crisis and more recently by the runs of S&Ls in Maryland, has forced the Fed into a more accommodative monetary policy posture than would otherwise be the case. Further, the sharp slowdown in money supply growth in April and the anemic first quarter real GNP performance currently allows the Fed more latitude in erring on the side of high money growth.

These developments have fostered a relatively favorable housing outlook. Housing starts in March approached the seasonally adjusted annual rate of 1.9 million units and in April they exceeded that mark. Existing house sales, spurred on by affordable fixed-rate mortgages' interest rates, topped the 3 million-a-year rate with new house sales at an annual rate of almost 700,000. Fixed-rate mortgage rates, following the yield-pattern of most long-term securities, have dropped recently to below the "magic" 13 percent level, maintaining the popularity of the fixed-rate mortgages vis-a-vis adjustable rate mortgages. As long as fixed-rate mortgage production in the primary market is sustained, which should be the case throughout the spring and into the high-volume summer months, the issuance of GNMA-MBS should average $2.5 to $3.0 million per month. By mid-summer, housing starts should be averaging an annual rate of 1.75 to 1.80 million, with new home sales approaching the 640,000 annual rate and existing home sales just under a 3 million annual rate.

***Gregory Luetscher,** Assistant Economist*
May 16, 1985

The modern mortgage finance system has undergone two revolutions. The first came in the 1930s when the Federal Housing Administration (FHA) was created, which resulted in the market acceptance of the long-term, amortizing mortgage. The second revolution began by the early 1970s with the creation of mortgage-backed securities that were guaranteed by Government National Mortgage Association (Ginnie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac). The Federal National Mortgage Association (Fannie Mae) played a major role as well by tapping the capital markets to finance a mortgage portfolio. A third revolution is currently underway in the mortgage finance markets, and it involves the application of the latest computer-based telecommunications technology to mortgage origination, pooling, delivery, servicing, and trading. These technological advances long have been applied in the equity finance markets, and their use in mortgage finance will achieve the full integration of American real estate finance into the international credit markets.

Among the technological advances already in operation in mortgage finance are Midanet, Laser, GNMA II, Echo I, Shelternet, Loan Express, Rennie Mae, and the book entry issuance of the mortgage-related securities of Freddie Mac and Fannie Mae. Developments in process or under discussion include a GNMA depository, improvements to Laser and Midanet, and a national mortgage exchange.

Midanet is a telecommunications network established by Freddie Mac that permits lenders to deliver loans and submit monthly reports electronically. This year 30 percent of Freddie Mac's loan deliveries have been transmitted through Midanet. Laser is a comprehensive on-line loan delivery and reporting system linking all Fannie Mae offices. The system eventually will provide Lasernet, a network for information and product access to the largest single investor in residential finance. Echo I is the electronic communications service sponsored by the Mortgage Bankers Association. It currently links 1,000 member offices with a bulletin board and receipted message service, and it can provide a link between otherwise incompatible loan processing and servicing systems. Within a few years, Laser, Midanet, and Echo I could be playing a major role in most residential real estate financings.

Another recent application of the newest telecommunications technology has been in the loan origination business. Shelternet, a service of the First Boston Corporation, was the first nationwide mortgage network linking lenders and investors. Loan Express, established by Planning Research Corporation, also was an early entrant into the computer-based mortgage information and processing market. The National Association of Realtors has developed Realtors National Mortgage Access to provide an electronic bulletin board for mortgage finance. Compufund is a regional computer loan origination service operating primarily in California. The application of the same technology to the trading of mortgages and mortgage-related securities will be the next step in the evolution of real estate finance.

During 1984, mortgage trades exceeded $1.5 trillion, more than twice the level of trading on all stock exchanges. In spite of this huge volume, the bulk of mortgage trading still is done through the physical endorsement and delivery of paper GNMA I certificates. This process culminates each month in a frantic two-day settlement period during which dealers scramble to assemble pools that satisfy delivery criteria and produce the highest profits based on price. One result is a significant number of fails or incorrect transactions each month that give rise to a cumbersome and expensive reconciliation effort. The solution to this archaic system is some form of book entry settlement of mortgage trades, and progress already has been made by Fannie Mae and Freddie Mac in this area.

Freddie Mac initiated book entry issuance of mortgage-backed securities (MBS) through the New York Federal Reserve Bank in January 1985. Just last month, Fannie Mae announced a similar arrangement, so both participation certificates (PCs) and MBS are now issued and traded in book entry form. The Mortgage-Backed Securities Clearing Corporation, a subsidiary of the Midwest Stock Exchange, has established a depository for mortgage securities with Chemical Bank serving as the facility manager. That depository is now operating in a test mode with GNMA II MBS. Although there are numerous problems to be worked out concerning payable date, float, and the impact on servicers, the potential efficiencies offered by this quasi-book entry system are considerable.

Technological advances already in place in the equity markets rapidly are being introduced to mortgage finance. As the mortgage markets become integrated into the international credit network, the result is certain to be more efficient markets, and enhanced opportunities for homeownership.

***Warren Matthews**, Senior Director, Secondary Market Activities*
May 15, 1985

RESIDENTIAL STRUCTURES, BY UNIT TYPE

(Units in thousands)

Year and Month	PERMITS 17,000 ISSUING PLACES						HOUSING STARTS					
	Actual			Seasonally Adjusted Annual Rate			Actual			Seasonally Adjusted Annual Rate		
	Total	1–4 Units	5+ Units	Total	1–4 Units	5+ Units	Total	1–4 Units	5+ Units	Total	1–4 Units	5+ Units
1984												
JAN	114	70	44	1,871	1,212	659	109	75	34	1,933	1,373	560
FEB	129	82	47	1,969	1,311	658	130	89	41	2,208	1,582	626
MAR	150	103	47	1,765	1,165	600	138	99	39	1,700	1,209	491
APR	161	107	54	1,788	1,127	661	173	121	52	1,949	1,323	626
MAY	169	113	56	1,765	1,100	665	181	127	54	1,787	1,236	551
JUN	171	104	67	1,805	1,089	716	184	121	63	1,837	1,185	652
JUL	142	92	50	1,591	1,006	585	162	110	52	1,730	1,112	618
AUG	142	93	49	1,542	985	557	147	102	45	1,590	1,076	514
SEP	131	82	49	1,517	991	526	148	100	48	1,669	1,116	553
OCT	137	88	49	1,477	948	529	152	102	50	1,564	1,088	476
NOV	122	73	49	1,616	973	643	126	89	37	1,600	1,158	442
DEC	105	58	47	1,599	975	624	97	69	28	1,630	1,231	399
1985												
JAN	104	64	40	1,635	1,053	582	105	66	39	1,849	1,165	684
FEB	101	63	38	1,624	1,041	583	95	68	27	1,647	1,231	416
MAR	144	96	48	1,741	1,131	610	144	101	43	1,883	1,277	606
APRp	156	104	52	1,656	1,051	605	174	119	55	1,913	1,268	645
4 months												
1985	505	327	178				518	354	164			
1984	536	348	188				543	380	163			
1983	451	298	153				458	326	131			
1982	257	165	93				262	192	70			

VALUE OF NEW CONSTRUCTION PUT IN PLACE

(Dollars in millions)

Year and Month	Seasonally Adjusted Annual Rate			
	Total	1 Unit	2+ Units	Non-res.
1984				
JAN	$163,534	$69,047	$27,816	$66,671
FEB	171,331	73,496	28,791	69,044
MAR	175,184	74,182	28,169	72,833
APR	176,937	74,988	27,692	74,257
MAY	185,108	75,810	30,588	78,710
JUN	181,326	75,448	29,539	76,339
JUL	179,531	73,695	30,873	74,963
AUG	181,128	71,962	32,998	76,168
SEP	183,717	70,395	32,835	80,487
OCT	181,303	69,931	33,514	77,858
NOV	184,345	70,231	32,273	81,841
DEC	186,260	70,613	31,237	84,410
1985				
JAN	187,654	71,648	30,628	85,378
FEB	188,790	71,870	30,098	86,822
MAR	188,750	72,531	29,781	86,438
APRp	n.a.	n.a.	n.a.	n.a.
3 months				
1985	646	166		
1984	644	141		
1983	555	147		
1982	421	86		

HOUSE SALES

(Units in thousands)

Year and Month	EXISTING HOUSES[1]	NEW HOUSES		
		Sold	Available For Sale	Months Supply at Current Rate
1984				
JAN	178	52	301	5.4
FEB	202	58	304	5.2
MAR	263	63	317	5.9
APR	269	61	325	6.0
MAY	288	59	331	6.5
JUN	294	58	340	6.4
JUL	287	52	340	6.6
AUG	273	48	346	7.3
SEP	216	53	345	6.6
OCT	234	55	349	6.3
NOV	210	42	353	7.2
DEC	174	38	358	7.0
1985				
JAN	190	47	354	6.9
FEB	193	52	351	6.8
MAR	263	67	352	6.4
APRp	n.a.	n.a.	n.a.	n.a.

RESIDENTIAL STRUCTURES, BY REGION

(units in thousands)

Year and Month	PERMITS 17,000 ISSUING PLACES								STARTS							
	Actual				Seasonally Adjusted Annual Rate				Actual				Seasonally Adjusted Annual Rate			
	North East	Mid-West	South	West	North East	Mid-West	South	West	North East	Mid-West	South	West	North East	Mid-West	South	West
1983																
DEC	11	9	58	30	174	182	812	434	9	9	63	25	155	208	951	390
1984																
JAN	8	9	63	33	191	277	885	518	7	9	61	32	186	293	925	529
FEB	10	12	70	37	239	282	916	532	9	11	77	33	299	345	1,099	465
MAR	15	15	76	44	195	201	819	550	11	15	77	35	174	234	851	441
APR	18	22	77	43	193	231	882	482	17	21	89	46	202	246	994	507
MAY	23	23	77	46	214	214	867	470	19	27	88	47	171	242	911	463
JUN	20	23	79	49	195	222	891	497	23	32	87	42	219	277	919	422
JUL	18	21	64	39	183	218	767	423	20	23	78	40	184	239	891	416
AUG	19	21	63	39	186	195	745	416	21	24	67	35	190	225	760	415
SEP	19	19	59	34	200	180	739	398	19	24	69	36	193	235	809	432
OCT	19	21	61	35	192	184	701	400	22	26	68	36	213	219	741	391
NOV	18	18	55	31	227	211	737	441	22	20	55	30	244	232	706	418
DEC	15	12	52	26	235	223	722	419	13	11	51	22	245	228	814	343
1985																
JAN	13	8	53	31	271	208	699	457	10	8	56	32	248	270	826	505
FEB	11	7	50	33	266	187	678	493	7	6	50	31	260	185	745	457
MAR	20	17	68	39	265	234	750	492	17	18	74	36	275	294	850	464
APRp	24	22	68	42	253	219	729	455	26	22	80	47	292	247	872	502
4 months																
1985	68	54	239	145					60	54	260	146				
1984	47	55	283	151					44	55	301	143				
1983	40	43	266	105					38	45	277	99				
1982	24	22	158	53					22	26	164	50				

CONSTRUCTION STATUS

(units in thousands)

Year and Month	UNDER CONSTRUCTION			COMPLETIONS		
	Total	1–4 Units	5+ Units	Total	1–4 Units	5+ Units
1983						
DEC	1,003	582	421	138	102	36
1984						
JAN	995	578	417	112	76	36
FEB	1,008	586	422	109	77	32
MAR	1,022	600	422	119	82	37
APR	1,064	632	432	127	86	41
MAY	1,098	660	438	143	95	48
JUN	1,118	672	446	156	104	52
JUL	1,132	677	455	146	102	44
AUG	1,124	669	455	151	108	43
SEP	1,123	662	461	147	105	42
OCT	1,111	659	452	159	105	54
NOV	1,101	653	448	134	95	39
DEC	1,051	620	431	150	104	46
1985						
JAN	1,031	597	433	119	84	35
FEB	1,004	586	419	121	79	42
MAR	1,024	604	420	125	82	43
APRp	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3 months						
1985				365	245	120
1984				338	233	105
1983				250	182	68
1982				207	138	69

INTEREST RATES AND YIELDS

Year and Month	1–4 UNIT MORTGAGES					APARTMENTS[3]	CONSTRUCTION LOANS[4] ALL TYPES	FNMA		GNMA Current Securities Yield[5]	SELECTED SECURITIES				SPREADS (Basis Point)	
	FHA Opinion Survey			FHLBB Survey				Mandatory Delivery Yields			Aaa Utility[7] New Issue	U.S. Gov't.		Prime Commercial Paper		
	FHA New[2]	Conventional		Conventional				ARM (5 yr. Treas.)	Conv.			10-yr.	26-wk.	90–119 Days	FHA New Minus Aaa Utility	GNMA minus 10-yr. Gov't.
		New	Existing	New	Existing											
1984																
JAN	13.08%	13.28%	13.27%	12.29%	12.16%	13.74%		12.788%	12.800%	12.46%	12.99%	11.67%	9.02%	9.20%	9	79
FEB	13.20	13.31	13.32	12.23	12.19	13.98	13.34%	12.863	12.938	12.48	13.05	11.84	9.18	9.32	15	64
MAR	13.68	13.57	13.58	12.02	12.17	14.29		13.325	13.375	12.88	13.63	12.32	9.66	9.83	5	56
APR	13.80	13.77	13.79	12.04	12.07	14.58		13.625	13.638	13.16	13.96	12.63	9.84	10.18	(16)	53
MAY	15.01	14.38	14.40	12.18	12.10	15.32	13.76	14.200	14.400	13.85	14.79	13.41	10.31	10.65	22	44
JUN	14.91	14.65	14.67	12.10	12.26	15.70		14.810	14.770	14.22	15.00	13.56	10.51	10.98	(9)	66
JUL	14.58	14.53	14.54	12.50	12.53	15.53		14.810	14.450	14.01	14.93	13.36	10.53	11.19	(35)	65
AUG	14.21	14.24	14.25	12.43	12.75	15.24	14.56	14.050	13.910	13.52	14.12	12.72	10.61	11.18	9	80
SEP	13.99	13.98	14.00	12.53	12.91	15.07		13.913	13.738	13.30	13.86	12.52	10.47	11.04	13	78
OCT	13.43	13.59	13.61	12.77	13.00	14.42		13.588	13.363	13.08	13.52	12.16	9.87	10.12	(9)	92
NOV	12.90	13.20	13.21	12.75	12.89	13.86		12.770	12.710	12.59	12.98	11.57	8.81	9.03	(8)	102
DEC	12.99	13.05	13.05	12.55	12.77	13.98		12.500	12.688	12.39	12.88	11.50	8.28	8.44	11	89
1985																
JAN	13.01	12.88	12.88	12.27	12.61	13.72		12.400	12.650	12.35	12.78	11.38	8.00	8.03	23	97
FEB	13.27	13.06	13.06	12.21	12.39	14.54		12.238	12.675	12.42	12.76	11.51	8.39	8.54	51	91
MAR	13.43	13.26	13.28	11.92	12.19	14.60		12.860	13.070	12.77	13.17	11.86	8.92	8.90	10	91
APR	12.97	13.01	13.01	12.05	12.12	n.a.		12.525	12.669	12.44	12.75	11.43	8.31	8.37	22	101

LONG-TERM MORTGAGE LOANS CLOSED

(Dollars in Millions)

Year and Month	BY TYPE OF INSTITUTION					BY TYPE OF UNIT, AND INSTITUTION														
						1–4 Units					5+ Units					Nonresidential				
	Total	Mtg. Bankers	S&Ls	Banks[6]	Life Cos.	Total	Mtg. Bankers	S&Ls	Banks[6]	Life Cos.	Total	Mtg. Bankers	S&Ls	Banks[6]	Life Cos.	Total	Mtg. Bankers	S&Ls	Banks[6]	Life Cos.
1983																				
JUN	$29,937	$7,120	$10,936	$10,355	$1,526	$20,993	$5,950	$ 8,683	$6,268	$ 92	$2,622	$910	$ 916	$646	$150	$ 6,322	$ 260	$1,337	$3,441	$1,284
JUL	25,067	5,810	10,275	7,987	995	19,147	5,450	8,297	5,336	64	1,177	30	759	317	71	4,743	330	1,219	2,334	860
AUG	30,175	5,730	11,291	11,275	1,879	21,514	5,000	9,197	7,260	57	1,699	220	740	497	242	6,962	510	1,354	3,518	1,580
SEP	25,035	4,470	10,331	8,819	1,415	17,216	3,660	8,127	5,380	49	1,548	220	774	418	136	6,271	590	1,430	3,021	1,230
OCT	21,917	4,300	8,596	7,803	1,228	15,277	3,630	6,823	4,777	47	1,486	170	759	395	162	5,154	500	1,004	2,631	1,019
NOV	21,342	5,340	8,202	6,443	1,357	14,868	4,690	6,317	3,811	50	1,661	100	783	559	219	4,813	550	1,102	2,073	1,088
DEC	26,120	4,970	10,553	7,459	3,138	16,105	4,860	7,441	3,702	102	2,230	110	996	825	299	8,355	570	2,116	2,932	2,737
1984																				
JAN	21,138	4,870	7,819	7,695	755	14,144	4,190	5,839	4,067	48	1,903	320	938	598	47	5,091	360	1,041	3,030	660
FEB	20,182	4,310	7,721	7,184	967	12,916	3,350	5,724	3,800	42	1,850	570	739	393	148	5,416	390	1,258	2,991	777
MAR	24,030	4,690	10,158	8,087	1,095	15,643	3,770	7,414	4,374	85	2,132	370	1,052	617	93	6,255	550	1,692	3,096	917
APR	22,959	5,870	11,261	7,317	1,511	18,027	4,940	8,507	4,508	72	1,986	410	1,100	290	186	5,946	520	1,654	2,519	1,253
MAY	28,632	5,230	13,393	8,768	1,241	20,282	4,480	10,454	5,244	104	1,971	140	1,255	481	95	6,379	610	1,684	3,043	1,042
JUN	30,866	5,490	14,485	8,896	1,995	21,438	4,680	11,054	5,652	52	1,987	20	1,343	482	142	7,441	790	2,088	2,762	1,801
JUL	25,206	3,760	12,979	7,297	1,170	18,019	3,330	10,213	4,404	72	1,592	0	963	553	76	5,595	430	1,803	2,340	1,022
AUG	25,563	3,570	12,532	7,735	1,726	17,035	3,070	9,546	4,355	64	1,567	0	1,221	322	24	6,961	500	1,765	3,058	1,638
SEP	20,283	3,050	9,654	6,701	878	13,213	2,400	6,889	3,867	57	1,483	70	1,083	306	24	5,587	580	1,682	2,528	797
OCT	22,290	3,700	9,643	8,021	926	14,998	3,110	7,188	4,594	106	1,260	0	880	292	88	6,032	590	1,575	3,135	732
NOV	20,839	3,370	9,219	7,095	1,155	13,390	3,090	6,445	3,811	44	1,596	0	1,098	387	111	5,853	280	1,676	2,897	1,000
DEC	28,888	6,160	10,619	8,540	3,569	16,192	4,720	6,914	4,478	80	2,434	110	1,488	404	432	10,262	1,330	2,217	3,658	3,057

LONG-TERM COMMITMENT ACTIVITY

(Dollars in Millions)

Year and Month	OUTSTANDING					ISSUED DURING MONTH				
	Total	Mtg. Bankers	S&Ls	Banks[6]	Life Cos.	Total	Mtg. Bankers	S&Ls	Banks[6]	Life Cos.
1983										
AUG	$ 79,490	$14,990	$38,590	$13,770	$12,140	$24,126	$6,160	$12,668	$3,653	$1,645
SEP	77,774	13,750	38,562	13,495	11,967	20,364	4,620	10,895	3,454	1,395
OCT	89,570	25,840	38,417	13,721	11,592	19,614	6,130	9,484	2,940	1,060
NOV	85,851	15,990	39,969	17,943	11,949	22,804	7,610	10,182	3,447	1,565
DEC	90,532	22,650	40,410	17,075	10,397	20,760	6,310	10,016	3,119	1,315
1984										
JAN	80,918	15,170	40,781	14,253	10,712	18,183	4,660	9,173	3,010	1,340
FEB	86,522	15,890	42,792	16,441	11,399	19,446	3,980	10,477	3,376	1,613
MAR	88,200	13,410	45,801	16,257	12,732	25,239	5,290	12,954	4,432	2,563
APR	100,399	16,870	51,965	17,702	13,862	26,033	4,700	14,433	4,555	2,345
MAY	103,392	15,950	54,478	18,579	14,385	27,888	4,950	15,997	5,096	1,845
JUN	99,830	12,280	54,698	19,122	13,730	24,649	3,810	14,559	4,736	1,544
JUL	98,039	11,480	54,102	19,227	13,230	22,723	4,060	13,424	4,108	1,131
AUG	92,436	7,970	52,800	18,655	13,011	19,641	2,920	12,316	3,530	875
SEP	90,837	8,150	51,666	17,591	13,430	17,127	2,910	9,852	2,870	1,495
OCT	89,826	8,370	50,624	16,996	13,836	19,151p	3,910	10,578	3,169	1,494
NOV	92,434	8,190	51,651	19,389	15,204	20,760	3,430	11,549	3,247	2,534
DEC	91,093p	8,700p	50,483	17,905	14,005	22,130p	5,480p	10,872	3,713	2,065
1985										
JAN	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FEB	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MAR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

MORTGAGE INSURANCE

(Units in Thousands, Dollars in Millions)

Year and Month	APPLICATIONS RECEIVED UNITS			INSURED							
				Total		FHA (203)		VA		Private	
	Total	FHA/VA	Private	Units	Amt.	Units	Amt.	Units	Amt.	Units	Amt.
1983											
AUG	205	106	99	139	$8,665	31	$1,641	35	$2,193	73	$4,831
SEP	152	66	86	161	9,702	56	2,922	33	2,092	72	4,688
OCT	141	58	83	125	7,752	26	1,362	30	1,934	69	4,456
NOV	131	51	80	131	7,980	34	1,772	25	1,598	72	4,610
DEC	136	46	90	118	7,594	20	1,046	22	1,448	76	5,092
1984											
JAN	121	45	76	109	7,017	14	753	24	1,544	71	4,720
FEB	123	44	79	101	6,467	20	1,093	22	1,449	59	3,925
MAR	159	49	110	124	7,715	35	1,807	19	1,202	70	4,706
APR	167	48	119	110	7,103	16	882	17	1,114	77	5,107
MAY	174	45	129	126	8,051	17	924	17	1,081	92	5,965
JUN	159	35	124	138	9,064	20	1,076	16	1,060	102	6,928
JUL	148	32	116	135	8,872	16	834	18	1,131	101	6,907
AUG	136	30	106	129	8,435	17	904	16	998	96	6,533
SEP	116	28	88	100	6,543	14	733	12	775	74	5,035
OCT	136	38	98	106	6,866	12	614	14	861	80	5,391
NOV	118	36	82	85	5,363	9	440	11	668	65	4,255
DEC	115	37	78	83	5,363	10	583	13	847	60	3,933
1985											
JAN	109	39	70	93	5,973	20	1,125	11	723	62	4,125
FEB	106	40	66	73	4,787	10	579	13	867	50	3,341
MAR	133	46	87	91	5,824	27	1,504	13	826	51	3,494

SECONDARY MARKET ACTIVITY

(Dollars in Millions)

Year and Month	FNMA				FHLMC				GNMA	
	Portfolio		Mortgage Backed Securities						Pass-Through Securities	
	Comm.	Purc.	Outstanding	Issued	Comm. to Sell	Comm. to Buy	Mtg. Purc.	Sold	Applications	Issued
1983										
AUG	$1,282	$1,213	$23,078	$1,052	$5,592	$6,367	$1,621	$1,585	$7,976	$5,943
SEP	2,739	1,203	23,819	1,018	3,183	3,283	2,263	1,555	6,749	4,200
OCT	1,882	1,344	24,311	750	2,382	2,598	2,886	2,758	3,891	3,808
NOV	997	1,348	24,475	381	1,596	2,093	1,287	1,139	4,201	3,857
DEC	1,471	2,204	25,121	841	1,261	1,704	1,685	1,121	4,046	2,543
1984										
JAN	1,772	1,285	25,182	251	1,293	1,470	1,419	978	2,500	2,718
FEB	1,930	1,507	26,125	1,126	1,127	1,385	1,389	1,338	4,422	3,030
MAR	1,626	2,030	28,354	2,405	1,704	1,873	1,290	868	3,083	2,488
APR	1,561	1,775	28,661	502	1,577	1,701	983	723	2,261	1,981
MAY	1,233	1,379	28,962	552	1,826	1,966	987	832	3,596	2,779
JUN	1,995	1,209	29,256	580	3,038	2,712	2,204	1,845	3,142	2,268
JUL	1,976	1,226	30,485	1,533	3,835	3,929	1,288	1,579	3,252	2,325
AUG	1,227	820	32,054	1,862	3,003	3,130	1,821	1,579	2,385	2,373
SEP	1,142	1,145	32,888	1,092	3,350	3,440	1,262	1,139	2,885	1,921
OCT	1,638	1,087	33,784	1,111	2,453	2,663	2,864	2,668	2,360	2,473
NOV	2,150	1,297	34,821	1,240	3,865	4,158	2,241	1,996	2,922	1,432
DEC	2,758	1,962	36,215	1,292	3,909	4,124	4,137	3,818	3,293	2,071
1985										
JAN	1,300	1,943	36,915	913	4,142	4,264	2,197	1,987	4,573	2,654
FEB	1,895	1,559	38,508	1,820	3,431	3,622	3,247	2,425	4,182	2,700
MAR	1,636	2,256	39,370	1,087	3,215	3,453	3,232	2,750	3,757	2,772

MORTGAGE BANKERS CONSTRUCTION AND LAND LOAN ACTIVITY

(Dollars in Millions)

Year and Month	DISBURSEMENTS DURING MONTH					CONSTRUCTION LOANS CLOSED				
	Construction				Land Loans					
	Total	1–4 Units	5+ Units	Non-res.		Total	1–4 Units	5+ Units	Non-res.	
1983										
AUG	$110	$ 70	$10	$ 30	$ 80	$200	$120	$ 20	$ 60	
SEP	160	70	20	60	50	440	100	60	280	
OCT	130	60	20	50	90	350	90	140	120	
NOV	140	70	10	60	90	390	150	120	120	
DEC	570	180	50	340	250	560	130	190	240	
1984										
JAN	180	70	20	90	140	460	130	100	230	
FEB	150	70	10	70	90	280	80	90	110	
MAR	190	90	30	80	220	350	120	80	150	
APR	200	90	30	80	100	620	140	360	120	
MAY	180	80	10	10	160	420	190	130	100	
JUN	380	120	10	250	360	760	120	180	460	
JUL	280	70	10	200	180	790	130	210	450	
AUG	100	60	0	40	90	410	110	130	170	
SEP	100	50	10	40	120	440	100	160	180	
OCT	90	40	10	40	130	400	210	100	80	
NOV	170	110	20	40	240	210	140	50	20	
DEC	230	110	10	110	420	610	360	160	90	
1985										
JAN	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
FEB	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
MAR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	

n.a.—Not available. p—Preliminary.
[1] From the National Association of Realtors' "Existing Home Sales" series.
[2] Secondary market gross yields.
[3] Federal Home Loan Mortgage Corp. Existing construction only.

[4] Federal Reserve's weighted average interest rate for Commercial Banks.
[5] Securities for 30 day delivery.
[6] Mutual Savings Banks and Commercial Banks.
[7] As of January 1984 this rate is for A-rated recently offered utility bonds.

Sources: American Council of Life Insurance, Board of Governors of the Federal Reserve System, Bureau of the Census, Citicorp Real Estate Inc., Department of Housing and Urban Development, Federal Home Loan Bank Board, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Government National Mortgage Association, Mortgage Bankers Association of America, National Association of Mutual Savings Banks, National Association of Realtors, Telerate Financial Information Network, Veterans Administration.

LONG-TERM MORTGAGE LOANS CLOSED[1]

Year and Month	SEASONALLY ADJUSTED				NOT SEASONALLY ADJUSTED							
						1–4 Units				5+ Units			
	Total[2]	1–4 Units	5+ Units	Non-res.[3]	Total	Total	FHA	VA	Conv.	Total	FHA	Conv.	Non-res.[3]
1983													
JAN	$5,300	$4,640	$ 340	$ 240	$4,710	$ 3,880	$ 1,720	$ 940	$ 1,220	$ 650	$ 30	$ 620	$ 180
FEB	5,590	5,350	220	360	4,450	3,980	1,640	970	1,370	170	0	170	300
MAR	5,910	5,170	90	620	5,910	5,050	2,180	1,350	1,520	70	40	30	790
APR	6,270	5,030	1,080	380	6,080	4,790	1,890	1,130	1,770	890	0	890	400
MAY	5,500	4,790	290	440	5,590	4,740	2,030	1,150	1,560	300	10	290	550
JUN	6,110	4,970	680	320	7,120	5,950	2,150	1,310	2,490	910	600	310	260
JUL	5,400	4,740	60	370	5,810	5,450	2,110	1,280	2,060	30	10	20	330
AUG	5,110	4,260	380	590	5,730	5,000	1,760	1,170	2,070	220	30	190	510
SEP	4,750	3,710	370	710	4,470	3,660	1,260	830	1,570	220	60	160	590
OCT	4,190	3,410	110	630	4,300	3,630	1,130	750	1,750	170	0	170	500
NOV	6,160	5,480	130	540	5,340	4,690	1,330	840	2,520	100	30	70	550
DEC	5,150	4,590	90	410	5,540	4,860	1,420	850	2,590	110	0	110	570
1984													
JAN	5,520	5,140	170	460	4,870	4,190	1,140	750	2,300	320	10	310	360
FEB	5,210	4,340	660	460	4,310	3,350	1,030	770	1,550	570	30	540	390
MAR	4,680	3,810	520	440	4,690	3,770	810	560	2,400	370	10	360	550
APR	6,140	5,330	490	490	5,870	4,940	1,070	740	3,130	410	0	410	520
MAY	5,060	4,410	130	460	5,240	4,480	960	690	2,830	140	0	140	610
JUN	4,650	3,860	20	1,020	5,490	4,670	1,050	700	2,930	20	0	20	790
JUL	3,530	2,960	0	460	3,760	3,330	800	530	2,000	0	0	0	430
AUG	3,120	2,600	0	510	3,570	3,070	520	380	2,170	0	0	0	500
SEP	3,380	2,500	120	780	3,050	2,400	550	380	1,470	70	70	0	580
OCT	3,600	2,920	0	750	3,700	3,110	820	470	1,820	0	0	0	590
NOV	3,890	3,610	0	280	3,370	3,090	820	470	1,800	0	0	0	280
DECp	4,880	3,860	70	770	5,250	4,090	1,280	690	2,120	80	0	80	1,080
Year to Date													
1984					$53,170	$44,500	$10,850	$ 7,130	$26,520	$1,380	$120	$1,860	$6,680
1983					65,050	55,680	20,620	12,570	22,490	3,840	810	3,030	5,530
1982					29,250	24,440	8,510	5,160	10,770	1,580	640	940	3,230
1981					33,470	25,830	8,380	6,200	11,250	1,740	770	970	5,910

COMMITMENT ACTIVITY: LONG-TERM MORTGAGE LOANS[1]

Year and Month	COMMITMENTS DURING MONTH							OUTSTANDING COMMITMENTS END OF MONTH						
	To Borrowers				From Investors			To Borrowers		From Investors				
	Total	1–4 Units	5+ Units	Non-res.[3]	Total	1–4 Units	5+ Units	Non-res.[3]	1–4 Units	5+ Units	Non-res.[3]	1–4 Units	5+ Units	Non-res.[3]
1983														
JAN	$ 7,010	$ 5,550	$ 880	$ 580	$ 5,140	$ 4,250	$ 80	$ 810	$14,370	$ 1,240	$ 910	$ 8,920	$ 1,380	$1,140
FEB	6,460	5,950	290	320	6,160	4,690	630	840	15,840	1,960	1,040	8,260	2,260	1,420
MAR	7,660	6,060	1,390	210	9,130	6,560	1,830	740	15,450	2,190	860	9,750	2,480	1,160
APR	7,460	6,080	460	920	8,300	6,880	260	1,160	16,140	2,240	1,170	11,480	2,440	1,430
MAY	7,470	7,030	0	440	6,080	5,310	190	580	16,350	540	850	9,970	1,590	1,110
JUN	7,330	7,210	0	120	7,760	7,030	310	420	18,300	530	730	12,230	1,590	1,010
JUL	6,840	6,170	0	670	7,060	6,280	160	620	15,890	520	680	11,760	680	870
AUG	6,160	5,450	0	710	6,950	5,920	20	1,010	13,640	460	890	10,820	570	1,050
SEP	4,620	4,510	0	110	5,880	4,350	870	660	12,560	410	780	8,610	1,260	790
OCT	6,130	4,900	240	990	6,280	5,810	200	270	12,870	12,030	940	9,910	13,830	940
NOV	7,610	4,870	800	1,940	5,910	4,010	940	960	13,420	1,440	1,130	10,340	2,390	1,030
DEC	6,320	4,060	250	2,010	4,800	3,150	280	1,370	11,600	10,120	930	7,660	11,950	1,060
1984														
JAN	4,660	4,020	10	630	3,690	2,930	170	590	11,420	2,990	760	8,140	4,670	810
FEB	3,980	3,340	0	640	7,230	4,620	1,830	780	11,830	3,200	860	9,560	5,370	810
MAR	5,290	4,080	0	1,210	4,590	3,530	90	970	12,680	0	730	8,950	1,710	730
APR	4,700	4,300	0	400	5,140	4,540	80	520	13,920	1,970	980	11,200	2,160	980
MAY	4,950	4,070	0	880	4,620	3,530	530	560	13,240	1,510	1,200	9,630	3,310	1,120
JUN	3,810	3,250	40	520	5,970	4,550	70	1,350	11,550	170	560	9,420	350	1,770
JUL	4,060	2,940	0	1,120	4,050	3,580	20	450	10,840	70	570	9,870	250	1,570
AUG	2,920	2,630	0	290	4,220	3,380	10	830	7,430	40	500	7,730	210	1,600
SEP	2,910	2,640	30	240	2,760	2,400	80	280	7,350	300	500	7,460	480	800
OCT	3,910	3,240	0	670	4,550	4,090	30	430	7,660	170	540	8,400	370	740
NOV	3,430	2,820	0	610	3,880	2,760	170	950	7,460	40	690	6,940	270	1,050
DECp	5,480	4,090	430	960	4,850	3,910	80	860	7,850	100	750	7,810	260	1,170
Year to Date[5]														
1984	$50,100	$41,420	$ 510	$8,170	$55,550	$43,820	$3,160	$ 8,570						
1983	81,070	67,740	4,310	9,020	79,450	64,240	5,770	9,440						
1982	47,800	36,760	3,330	7,710	46,740	34,380	3,960	8,400						
1981	36,700	30,170	1,200	5,330	44,700	30,410	1,740	12,550						

Notes: [1]All dollar amounts are in millions.
[2]Total is seasonally adjusted separately from components. Total, therefore, may not equal sum of parts.
[3]Series labeled non-residential are also inclusive of farm data.
[4]Percent coverage equals outstanding commitments received from investors divided by the sum of outstanding end of month inventory and outstanding commitments issued to borrowers, all multiplied by 100.
[5]Year-to-date seasonally adjusted series not calculated.

OUTSTANDING END OF MONTH INVENTORY[1] / COVERAGE[4] / SERVICING VOLUME[1]

Year and Month	Total	1–4 Units				5+ Units			Non-res.[3]	1–4 Units	5+ Units	Non-res.[3]	1–4 Units	5+ Units	Non-res.[3]
		Total	FHA	VA	Conv.	Total	FHA	Conv.							
1983															
JAN	$11,220	$6,450	$2,180	$1,440	$2,830	$3,600	$470	$3,130	$1,170	43%	29%	55%	$245,140	$42,090	$41,960
FEB	12,000	7,030	2,220	1,500	3,310	3,570	470	3,100	1,400	36	41	58	248,980	41,980	42,230
MAR	11,960	7,250	2,410	1,640	3,200	3,490	480	3,010	1,220	43	44	56	248,630	41,300	44,850
APR	12,080	7,170	2,340	1,700	3,130	2,760	10	2,750	1,000	49	49	66	262,050	43,670	43,790
MAY	11,200	7,930	2,510	1,700	2,720	3,470	10	3,460	800	43	40	64	261,170	44,300	41,940
JUN	12,920	8,260	2,780	1,850	3,630	3,480	10	3,470	850	46	40	64	294,020	51,230	45,180
JUL	11,960	7,760	2,490	1,710	3,560	3,410	0	3,410	790	50	17	60	305,860	43,090	42,620
AUG	11,480	7,190	2,170	1,600	3,420	3,400	0	3,400	890	52	15	59	289,220	41,800	39,150
SEP	10,870	6,530	1,870	1,460	3,200	3,440	10	3,430	900	45	33	47	264,720	44,760	33,870
OCT	11,060	6,590	1,780	1,460	3,350	3,550	210	3,340	920	51	89	51	274,860	44,100	38,970
NOV	11,450	6,990	1,800	1,380	3,810	3,240	0	3,240	1,220	51	51	44	292,100	48,620	40,400
DEC	10,860	6,050	1,570	1,250	3,230	3,500	550	2,950	1,310	43	88	48	259,530	46,690	39,600
1984															
JAN	14,720	6,420	1,390	1,150	3,880	7,400	10	7,390	900	46	45	49	283,720	51,610	36,130
FEB	14,320	5,920	1,380	1,140	3,400	7,450	10	7,440	950	54	50	45	275,010	48,960	41,550
MAR	14,860	6,320	1,350	1,170	3,800	7,510	0	7,510	1,030	47	23	41	281,010	56,610	44,380
APR	16,250	7,500	1,540	1,320	4,640	7,720	0	7,720	1,030	52	22	49	323,690	48,730	42,310
MAY	15,500	6,910	1,390	1,030	4,490	7,390	0	7,390	1,200	48	37	47	332,570	59,010	46,280
JUN	10,270	8,320	1,840	1,450	5,030	780	0	780	1,170	47	37	102	313,650	56,750	38,670
JUL	8,870	6,990	1,480	1,090	4,420	730	0	730	1,150	55	31	91	317,600	63,980	39,840
AUG	7,070	5,520	1,060	740	3,720	640	0	640	910	60	31	113	282,400	42,060	39,110
SEP	7,390	5,490	1,010	680	3,800	640	0	640	1,260	58	51	45	302,840	39,300	38,930
OCT	8,060	6,350	1,190	870	4,290	600	0	600	1,110	60	48	45	339,960	40,660	37,160
NOV	8,010	6,280	1,190	850	4,240	590	0	590	1,140	51	43	57	350,580	39,790	32,120
DECp	6,840	6,090	1,500	980	3,610	170	0	170	580	56	96	80	321,620	33,110	30,540

CONSTRUCTION AND LAND LOAN ACTIVITY[1]

Year and Month	DISBURSEMENTS DURING MONTH					CONSTRUCTION LOANS CLOSED				END OF MONTH INVENTORY				
	Total	1–4 Units	5+ Units	Non-res.[3]	Land Loans	Total	1–4 Units	5+ Units	Non-res.[3]	Total	1–4 Units	5+ Units	Non-res.[3]	Land Loans
1983														
JAN	$100	$ 50	$20	$ 30	$60	$280	$120	$ 30	$130	$2,810	$ 750	$ 650	$1,410	$ 580
FEB	150	60	30	60	60	280	110	60	110	3,160	890	620	1,650	630
MAR	170	80	20	70	50	540	180	190	170	3,090	930	580	1,580	610
APR	130	50	10	70	60	290	150	610	80	2,030	610	330	1,090	680
MAY	320	160	40	120	160	470	130	80	260	7,290	2,080	1,140	4,070	1,600
JUN	430	170	60	200	120	500	130	90	280	7,400	2,120	1,080	4,200	1,580
JUL	120	60	10	50	40	180	80	30	70	2,580	810	380	1,390	660
AUG	110	70	10	30	80	200	120	20	60	2,410	760	340	1,310	650
SEP	160	70	20	70	50	440	100	60	280	3,120	950	430	1,740	650
OCT	130	60	20	50	90	350	90	140	120	3,220	990	430	1,800	750
NOV	140	70	10	60	90	390	150	120	120	3,160	1,010	350	1,800	750
DEC	570	180	50	340	250	560	130	190	240	8,490	2,710	940	4,840	1,550
1984														
JAN	180	70	20	90	140	460	130	100	230	3,490	1,050	430	2,010	650
FEB	150	70	10	70	90	280	80	90	110	3,280	880	370	2,030	630
MAR	190	80	30	80	220	350	120	80	150	3,360	990	380	1,990	840
APR	200	90	30	80	100	620	140	360	120	3,220	1,040	460	1,720	860
MAY	180	80	10	90	160	420	190	130	100	3,220	1,060	380	1,780	930
JUN	380	120	10	250	360	760	120	180	460	4,710	1,610	540	2,560	1,250
JUL	280	70	10	200	180	790	130	210	450	2,760	900	240	1,620	1,120
AUG	100	60	0	40	90	410	110	130	170	2,200	790	190	1,220	830
SEP	100	50	10	40	120	440	100	160	190	2,150	790	180	1,180	800
OCT	90	40	10	40	130	400	210	100	90	2,180	780	220	1,180	870
NOV	170	110	20	40	240	210	140	50	20	3,520	1,380	410	1,730	2,260
DECp	430	220	30	180	470	470	270	120	80	9,240	3,790	790	4,660	3,440

COMMITMENTS TO BORROWERS: LAND AND CONSTRUCTION LOANS[1] / NOTES PAYABLE[1]

Year and Month	Issued During Month				End of Month Balances				End of Month Balances			
	Total	1–4 Units	5+ Units	Non-Res.[3]	Total	1–4 Units	5+ Units	Non-Res.[3]	Total	Comm. Paper	To Parent	To Others
1983												
JAN	$1,730	$100	$1,420	$ 210	$ 7,170	$ 660	$ 3,990	$2,520	$19,270	$3,320	$10,271	$ 5,680
FEB	1,020	130	420	470	8,830	810	4,570	3,450	20,070	3,530	8,370	8,170
MAR	2,840	240	2,260	340	9,400	1,010	5,810	2,580	20,640	3,960	9,510	7,170
APR	1,350	140	500	710	8,400	980	4,900	2,520	20,120	3,330	10,200	6,590
MAY	1,070	120	610	290	6,280	650	3,900	1,730	25,640	3,780	10,460	11,400
JUN	1,410	160	550	700	6,780	970	3,710	2,100	36,620	4,490	10,570	21,560
JUL	1,970	120	1,780	70	7,160	910	4,660	1,590	36,150	4,410	14,100	17,640
AUG	900	180	100	620	5,620	940	2,480	2,200	35,370	8,920	10,920	15,530
SEP	1,100	100	690	310	5,210	870	2,190	2,150	41,300	3,110	9,820	28,370
OCT	1,650	130	990	530	22,340	1,080	18,890	2,370	30,150	2,760	8,870	18,520
NOV	1,770	120	900	750	8,520	1,270	3,960	3,290	32,200	3,690	10,520	17,990
DEC	3,460	110	2,310	1,040	19,710	1,030	15,450	3,230	29,590	2,770	7,140	19,680
1984												
JAN	1,080	80	400	600	10,900	800	7,440	2,660	31,180	3,900	9,810	17,470
FEB	1,300	90	530	680	9,500	750	5,650	3,100	23,480	3,710	8,530	11,240
MAR	2,840	150	2,240	450	5,710	610	2,070	3,030	42,850	5,060	9,130	28,660
APR	3,940	120	3,260	560	10,080	960	5,780	3,340	27,280	3,190	15,280	8,810
MAY	3,530	170	2,770	590	11,480	1,030	6,750	3,700	35,190	4,690	21,880	8,620
JUN	1,170	150	60	960	5,140	1,040	1,010	3,090	31,530	4,910	12,610	14,040
JUL	1,730	130	60	1,540	4,090	870	470	2,750	41,960	6,190	12,710	23,060
AUG	770	190	80	500	3,680	850	460	2,370	47,940	5,750	13,220	28,970
SEP	760	100	80	580	4,170	760	580	2,830	59,220	4,520	14,240	40,460
OCT	710	150	160	400	3,820	860	590	2,370	57,230	4,830	17,070	35,330
NOV	380	140	70	170	3,230	680	430	2,120	54,180	4,820	19,180	30,180
DECp	790	200	10	580	3,910	930	280	2,700	42,280	8,390	23,680	10,210